

DE-AC08-98NV13149

ATTACHMENT N

Executive Overview from the Segal Company Annual Actuarial Validation and Review
of the
W.S.I. – L.V. Pension Trust Fund
Dated January 1, 2003

SECTION 1: Executive Overview for the W.S.I.-L.V. Pension Trust Fund

Key Events and Issues

The following key findings were the result of this actuarial valuation:

- There was an overall actuarial experience loss of \$387,204, primarily due to investment performance. The actuarial valuation as of January 1, 2003 is based on financial information as of that date and the current actuarial asset smoothing method. Changes in the value of assets subsequent to that date are not reflected.
- On December 31, 2002, the Funding Standard Account credit balance was \$854,357, an increase of \$165,598 over the credit balance of \$688,759 a year earlier.
- The minimum contribution required to avoid a deficiency in the Funding Standard Account is \$0.
- The Retirement Protection Act (RPA) requires a Participant Notice informing participants of the "Notice Funding Percentage" when that percentage is less than 90% (or 80% if the percentage was at least 90% in two consecutive years in the prior three years). The Notice Funding Percentage as of January 1, 2003 is 97.51%, so the Notice is not required for 2003. Last year the Funded Percentage was 102.15%.

SECTION 1: Executive Overview for the W.S.I.-L.V. Pension Trust Fund

- The interest rate for determining the Notice Funding Percentage and the Gateway Current Liability is 6.65% compared to 6.85% last year. This reflects the temporary higher rate provided in the Job Creation and Worker Assistance Act of 2002 (JCWAA). Unless Congress takes action, the temporary interest rate relief will expire this year. Rather than 120% of a 30-year Treasury Bond average, next year's Gateway test will revert to a current liability interest rate based on 105% of the average. A continued decline in interest rates may eventually trigger additional funding charges under ERISA's minimum funding rules.
- The PBGC premium for the 2003 plan year is \$21,277. The 4.92% rate used to calculate the unfunded vested benefits for the variable rate portion of the premium also reflects an increase due to JCWAA.